

The Highland Council

Minutes of Meeting of the **Audit and Scrutiny Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Thursday, 28 September 2017 at 10.30am.

Present:

Mr R Laird	Mr D Louden
Mr P Saggars	Mr D MacKay (substitute)
Mr R Balfour	Mr G MacKenzie
Mr B Boyd	Mr A Mackinnon (substitute)
Mr R Bremner (via video conference)	Mrs A MacLean (substitute)
Mr J Bruce	Mr D Macpherson
Miss J Campbell	Mr J McGillivray (via video conference)
Mrs H Carmichael	Mrs M Paterson
Mrs M Davidson	Ms M Smith
Mr C Fraser	Ms K Stephen
Mr L Fraser	

Non-Members also present:

Mrs J Barclay	Mr A Henderson
Mr R Gale	Mr D MacKay

Officials in Attendance:

Mr D Yule, Director of Finance
Mr F MacDonald, Head of Property & Facilities Management
Mr A Summers, Head of Environmental and Amenity Services
Ms T Urry, Head of Roads and Transport
Mr S Duncan, Property Manager
Mr B Porter, Head of Resources, Care and Learning
Ms E Johnston, Corporate Audit & Performance Manager
Miss D Sutherland, Corporate Audit Manager
Ms F Callum, Principal Accountant
Miss J MacLennan, Democratic Services Manager
Miss J Green, Administrative Assistant, Corporate Governance

Also in attendance:

Ms J Brown, Director, Public Sector Assurance, Grant Thornton

**An asterisk in the margin denotes a recommendation to the Council.
All decisions with no marking in the margin are delegated to Committee.**

Mr R Laird in the Chair

1. Apologies for Absence Leisgeulan

Apologies for absence were intimated on behalf of Mr G Adam, Mr A Baxter, Mr A Christie, Mr G Cruickshank, Mr K Gowans, Mr S Mackie and Mrs B McAllister.

**2. Declarations of Interest
Foillseachaidhean Com-pàirt**

There were no declarations of interest.

**3. Recess Powers
Cumhachdan Fosaidh**

It was **NOTED** that the recess powers granted by the Council at its meeting on 29 June 2017 had not been exercised in relation to the business of this Committee.

Standards Commission – Update

At this point in the meeting, the Chair advised that the Standards Commission had not been required to undertake any investigations in relation to Highland Council Members since the last update in the previous year.

The position was **NOTED**.

**4. External Audit Reports
Aithisgean Sgrùdaidh bhon Taobh A-muigh**

The following External Audit Report had been prepared by the Council's External Auditors (Grant Thornton) and issued since the last meeting:-

Annual Report 2016/17 to Elected Members and the Controller of Audit and Letter of Representation

During a presentation on the Annual Audit Report the approach adopted was summarised and, in terms of Key Messages, it was confirmed that the Audit Report on the Council's 2016/17 financial statements had been unqualified.

This was also the same position for the two charitable trusts administered by the Council.

Key messages included information on issues in relation to the audit of financial statements, the management commentary, the annual governance statement and a number of grant claims and returns which had then been submitted to Audit Scotland. Comparisons with other Councils had also been made in terms of reserves and borrowings.

In this regard, thanks were conveyed to the Director of Finance and his staff for their help during the audit process.

During discussion, Members raised the following issues:-

- some adjustments to the accounts were significant and clarification was sought as to how these had been identified and, if they had not been identified, the impact this would have had on the reported surplus;
- the presentation of the accounts, with anomalies highlighted, was welcomed as was the general overview that the Auditors had provided of the Council. It was questioned if it was possible to provide a commentary of the Council's

- future options and if Grant Thornton could assist with the Council's future strategic financial planning;
- the high debt and low reserves were still within the guidelines of Audit Scotland and there had been valid reasons in terms of why the Council had adopted this approach; and
 - assurance was sought and received that the terms of the various Trusts were being adhered to and were being administered at a Ward level.

Thereafter, and having thanked the External Auditor for the work undertaken, the Committee **NOTED** the terms of the report and **APPROVED** the Letter of Representation for signature.

5. Audited Accounts 2016/17 Cunntasan Sgrùdaichte 2016/17

There had been circulated Report No AS/13/17 by the Director of Finance which contained details of the Audited Accounts for 2016/17.

The Committee **APPROVED** the Annual Accounts for signature as detailed.

6. Internal Audit Reviews and Progress Report Ath-bhreithneachaidhean In-sgrùdaidh agus Aithisg Adhartais

There had been circulated Report No AS/14/17 dated 19 September 2017 by the Corporate Audit Manager which summarised the final reports issued since the date of the last meeting, together with details of work in progress and other information relevant to the operation of the Internal Audit Section.

In relation to the Internal Audit Section, it was noted that the Section had been involved in variety of other work, including work for other Boards, Committees or Organisations, ICT assurances, certification of grant claims, corporate fraud activity and other investigations.

In terms of progress against the 2017/18 Audit Plan and Performance Information, it had been stated previously that a new system of reporting progress with audits to both Senior Management and Committees would be introduced and details of progress in this regard had been provided within the Appendix to the report.

Also, in terms of the Audit Plan, the following changes were highlighted – an audit of the use of purchase cards had been added to the Plan and the audit of licensing had been postponed to the following year as a number of changes were currently being implemented as a result of a lean review.

Specific detail in relation to Performance Information for Quarter 1 of 2017/18 was also provided.

The final reports were then presented as follows:-

Care and Learning Service – Commissioned High Life Highland Services (Substantial Assurance) – no issues raised.

Care and Learning Service/Development & Infrastructure Service – Repairs and Maintenance – Care and Learning Properties (Limited Assurance)

During discussion, Members raised the following issues:-

- the disparity between the cost of repairs required and the budget available was alarming and whilst it was accepted that all schools could not be brought up to “as new” standard, it was important to focus on those in most need to ensure that Scottish Government targets could be met;
- the backlog of maintenance of air conditioning units was concerning given the potentially serious health implications;
- greater focus needed to be taken in relation to fire risks;
- it was vital that the property asset management database was brought up to date, especially with the roll out of early years provision, and that budgets were allocated to each Council Ward based on the total gross internal area of the properties within each area;
- in terms of how the backlog could be addressed, it was noted that measures were in place to bring all property and maintenance staff together and alternative, more productive, ways of working were to be investigated. It was suggested that this should, especially in rural areas, involve working with partner agencies and perhaps be an area of focus for the Redesign Board;
- Members would have to decide, when reviewing the Capital Plan, whether to prioritise this budget;
- thanks should be conveyed to staff for the way in which they had reacted to emergencies and for their speedy response in each case;
- a considerable amount of Officer time had been taken up in monitoring some of the Council new build projects;
- a proper maintenance regime could, in the long term, prevent the need for new builds;
- there were reported instances of school walls crumbling in relatively new school properties and this was a major cause for concern;
- the money available to Head Teachers through the Devolved School Management budgets was limited and there were other demands on this limited resource;
- under the previous Janitorial Service, gutters had often been cleaned. However, under the new Facilities Management Service, staff were prohibited from undertaking this work and this needed to be re-visited.

Community Services – Review of Burials and Cremations – Policy, Legislation and Processes (Limited Assurance)

During discussion, Members raised the following issues:-

- the Council should strive to provide an exemplary service to bereaved relatives. However, the audit report suggested that this was currently not the case with one of the main causes being poor documentation;
- the appointment of a new Burial and Cremations Officer was welcomed, as was the possibility of employing a graduate intern. However, it was suggested that additional assistance needed to be provided to the Bereavement Officer to improve on the target dates outlined in the report;

- it was clear that a review of the entire process was required and in particular concern was expressed records not being up to date hindered families from researching their family history and also maintaining headstones;
- if headstones could not be repaired, they should be laid out in an orderly fashion;
- the proposal to remove the ability to purchase lairs in advance was questioned and removing this option was likely to cause distress;
- maintenance of a list of vacant lairs was essential in terms of highlighting capacity;
- there was a need for effective working relationships to be in place between Officers and Funeral Directors and as such concern was expressed at the references within the report to the levels of debt incurred by the latter in some instances;
- consideration of a review of the existing policy in relation to the Crematorium was required, with particular reference to the timings of funerals;
- reference was made to the report prepared by the Inspector of Crematoria in January 2016 in which it had been stated that Inverness Crematorium was “a well run Crematorium by staff who displayed a caring and professional approach to their duties”;
- the suggestion to charge clients a “non-resident” fee was questioned;
- whilst acknowledging the need to improve processes, it was important not to overburden grieving families with bureaucracy;
- while the inconsistent process for issuing lair certificates had highlighted the need for a common approach to be adopted, it was important for families and Funeral Directors to deal with locally based staff;
- confirmation was sought and received that the Council still had a legal responsibility to provide a funeral when individuals were unable to do so financially; and
- the issues raised within the report could perhaps be considered by a Policy Development Group.

Community Services – Inspection of Roads and Bridges (Substantial Assurance)

During discussion, the proposal for prioritisation criteria for maintenance programmes and works undertaken annually to be presented to Area Committees, using a standardised template, was welcomed as this would give re-assurance to local residents in areas dependant on lifeline bridges.

Also, and whilst it was reassuring that the objective had been fully achieved in relation to the methodology for inspections, there was concern that the audit had identified a lack of consistency in the development and planning of the prioritisation of maintenance across areas. However, the rolling out of good practice was welcomed and appreciation should be conveyed to staff in this regard.

Thereafter, the Committee:-

- i. **NOTED** the Final Reports referred to in Section 3.1 to the report;
- ii. **NOTED** the current work of the Internal Audit Section as outlined at Section 4 and the performance information at Section 5.3; and

iii. **APPROVED** the changes to the audit plan as detailed at Section 5.2 of the report.

7. Exclusion of the Public
Às-dùnadh a'Phobail

The Committee **RESOLVED** that, under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting for the following item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 14 of Part 1 of Schedule 7A of the Act.

8. Internal Audit Review and Progress Report
Ath-bhreithneachaidhean In-sgrùdaidh agus Aithisg Adhartais

There had been circulated to Members only Report by the Corporate Audit Manager which summarised a final confidential report issued since the date of the last meeting as follows:-

Care and Learning Service – Secondary School System Weaknesses (Limited Assurance)

The Committee **NOTED** the details of the report as circulated.

The meeting ended at 12.50pm.